

NEW IRS RULES WOULD ALLOW FOR ELECTRONIC FURNISHING OF FORM W-2, FORM 1098-E and FORM 1098-T

WASHINGTON - Providers of certain information statements, including Form W-2, now have the option of giving taxpayers the information electronically instead of on paper, the Internal Revenue Service announced today.

"The new rules respond to requests from lenders, educational institutions, employers and other furnishers of information statements who want the option to deliver these statements in an electronic format," said IRS Commissioner Charles O. Rossotti.

Under the new option, providers will save the cost of processing, printing and mailing paper statements, and recipients will receive the information faster and more efficiently without the worry of mailing delays or lost statements.

Currently, employers/payers are required to provide information statements in written form -- generally on or before January 31. Under the temporary and proposed regulations, a person required to furnish a copy of a Form W-2, "Wage and Tax Statement," to an employee may furnish the form when it is provided electronically on a Web site instead of on paper if certain conditions, described below, are met. The same rule applies to persons required to furnish statements to individuals, principally students and borrowers, for whom Forms 1098-T, "Tuition Payments Statement," or Forms 1098-E, "Education Loan Statement," are filed.

The rules accommodate both filers and recipients. Some furnishing statements want to reduce costs and modernize business processes. Some recipients want to receive electronic statements to file income tax returns quickly and accurately. However, the rules also accommodate employees, students, and borrowers who want paper statements. These taxpayers may choose to continue to receive paper statements.

Generally, under the regulations, a person required to furnish a statement is treated as timely furnishing it to an individual for federal tax purposes if the individual electronically consents or electronically agrees to receive the statement electronically, and the furnisher:

- 1) discloses certain information to the individual at or before the time the individual consents to receive the statement electronically;

2) posts the statement on a web site on or before January 31 and maintains access through October 15 of the year after the year to which the statement relates; and

3) notifies the individual on or before January 31 of the year after the year to which the statement relates that the statement is available on a web site.

The new regulations apply to copies of Forms W-2 and statements for Forms 1098-T and Forms 1098-E that are required to be furnished to individuals after December 31, 2000. The temporary regulations do not change the rules for filing copy A of Forms W-2 with the Social Security Administration or the filing of Forms 1098-T or Forms 1098-E with the Internal Revenue Service.

For more information, the temporary regulations and proposed regulations are scheduled for publication in the February 14, 2001 issue of the Federal Register.

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